Electronic Report to the Board

2017-2022 Strategic KPI Framework: Proposed Performance Targets

GF/B36/ER08A
7 March 2017

For Board Decision

Purpose of the paper: To set out proposed revised performance targets for the 2017-2022 Strategic Key Performance Indicator Framework for recommendation to the Board.

GF/B36/EDP09: Performance Targets for the 2017-2022 Strategic Key Performance Indicator Framework

The Global Fund

Part 1: Decision Point

1. Based on the rationale described below and in the accompanying PowerPoint (GF/B36/ER08B) the following decision point is recommended to the Board for approval.

Decision Point GF/B36/EDP09: Performance Targets for the 2017 – 2022 Strategic Key Performance Indicator Framework

1. ***The Board notes the additional analysis to develop performance targets for the 2017 – 2022 Strategic Key Performance Indicator (the "KPI") Framework approved by the Board in June 2016 under decision point GF/B35/EDP05 and set forth in Annex 1 to GF/B35/ER05 (the "Strategic KPI Framework").***

2. ***Based on the recommendation of the Audit and Finance Committee and the Strategy Committee, as set forth in GF/B36/ER08A and GF/B36/ER08B, the Board:***

    a. ***Approves the performance targets where proposals are complete;***
    b. ***Approves the proposed interim indicator proposals for KPIs 5 and 9c; and***
    c. ***Agrees with postponing its review and approval of performance targets for KPIs 6a, 6b and 6e until the final Board meeting of 2017.***

Part 2 - Relevant Past Decisions

Relevant past Decision Point	Summary and Impact
GF/SC02/EDP06: Recommendation on Performance Targets for the 2017-2022 Strategic Key Performance Indicator Framework (March 2017)	The Strategy Committee (SC) agreed to recommend the following to the Board for approval: (i) performance targets for KPIs 1, 2, 3, 4, 6c, 6d, 6f, 8, 9a, 9b and 11; (ii) interim indicator proposals (i.e., definitions and performance targets) for KPIs 5 and 9c; and (iii) postponement of the review of performance targets for KPIs 6a, 6b and 6e.
GF/AFC02/EDP04: Recommendation on Performance Targets for the 2017-2022 Strategic Key Performance Indicator Framework (March 2017)	The Audit and Finance Committee (AFC) agreed to recommend performance targets for KPIs 7, 10 and 12 to the Board for approval.
GF/B36/DP09: Performance Targets for the 2017 – 2022 Strategic Key Performance Indicator Framework (November 2016)[1]	The Board requested a further opportunity to review the proposed performance targets. Board constituencies were requested to submit a final round of feedback to the Secretariat, and the leadership of the Audit and Finance Committee (AFC) and Strategy Committee (SC) were requested to: (i) determine the performance targets to be addressed by each committee based on their respective

[1] http://www.theglobalfund.org/Knowledge/Decisions/GF/B36/DP09/

Relevant past Decision Point	Summary and Impact
	mandates; and (ii) establish an advisory group to work with the Secretariat to present revised performance targets to the AFC and SC for recommendation to the Board.
GF/SC02/EDP03: Recommendation on Performance Targets for KPIs 1, 2 and 8 the 2017 – 2022 Strategic Key Performance Indicator (October 2016)	The Strategy Committee reviewed the Secretariat's proposed performance targets for the 2017 – 2022 Strategic Key Performance (KPI) Framework and agreed to recommend the performance targets for Strategic KPIs 1, 2 and 8 to the Board, expressed as point estimates together with uncertainty ranges. In doing so, the Strategy Committee acknowledged the approach for deriving the performance targets for Strategic KPIs 1, 2 and 8, including the modelling assumptions and key inputs.
GF/AFC02/DP05 and GF/SC02/DP05: Recommendation on Performance Targets for the 2017 – 2022 Strategic Key Performance Indicator (October 2016)	The Audit and Finance Committee and Strategy Committee reviewed the Secretariat's proposed performance targets for the 2017 – 2022 Strategic Key Performance (KPI) Framework and agreed to recommend the performance targets that were complete and presented at the committees' October 2016 meetings, including interim proposals for Strategic KPI 5 and 9c. The committees agreed that the Strategy Committee would then review the performance targets for Strategic KPIs 1, 2, 8 and 9b prior to the November 2016 Board meeting to discuss and issue a recommendation to the Board on these targets. The committees also agreed to recommend deferring the performance targets for the measures associated with Strategic KPIs 6a, 6b and 6e until 2017.
GF/B35/EDP05: 2017 – 2022 Strategic Key Performance Indicator Framework (June 2016)[2]	The Board approved the Strategic KPI Framework for 2017 – 2022, as presented in Annex 1 to GF/B35/ER05. The Board directed the Secretariat to present the Board with the Strategic KPI Framework's performance targets for approval at the final Board meeting in 2016.
GF/B34/EDP04: Approval of 2016 Targets for the 2014 – 2016 Corporate Key Performance Indicator Framework (January 2016)[3]	The Board approved the 2016 performance targets, noting specific revisions to the performance targets for KPI 7 (Access to Funding) and KPI 10 (Value for Money). Having acknowledged the Secretariat's response to requests by the Board for additional analysis on certain indicators, the Board directed the Secretariat to implement proposed management actions to improve performance, and to continue towards identifying lessons that could inform the development of the next Corporate Key Performance Indicator Framework.
GF/B33/DP07: Remaining Targets for the 2014 – 2016 Corporate Key Performance Indicator Framework (March 2015)[4]	Under the 2014 – 2016 Corporate Key Performance Indicator Framework, the Board approved updated performance targets for Key Performance Indicators 6, 12 and 16 after additional analysis conducted by the Secretariat following the Board's approval of the updated 2014 – 2016 Corporate KPI Framework.

[2] http://www.theglobalfund.org/Knowledge/Decisions/GF/B35/EDP05/
[3] http://www.theglobalfund.org/Knowledge/Decisions/GF/B34/EDP04/
[4] http://www.theglobalfund.org/Knowledge/Decisions/GF/B33/DP07/

Relevant past Decision Point	Summary and Impact
GF/B32/DP10: Approval of the Global Fund Corporate KPI Framework 2014-2016 (November 2014)[5]	The Board approved the updated Corporate KPI Framework, acknowledging the methodological work required to finalize certain indicators as agreed. The Board also approved the available performance targets for 2015, as well as the plan to present the remaining 2015 performance targets for approval at the Thirty-Third Board Meeting, as set forth in GF/B32/24.a – Revision 2. The decision point to approve the updated performance targets contained in GF/B33/04B completed the remaining action item from GF/B32/DP10.
GF/B30/DP7: The Global Fund Corporate Key Performance Indicator Framework for 2014-2016 (November 2013)[6]	The Board approved the KPI Framework for 2014-2016 as set forth in GF/B31/7 – Revision 1. The Board asked for annual reports on these indicators, and where available, for interim results to be made available through the information dashboard.

Part 3 - Action Required

2. The Board is presented with the enclosed 2017-2022 Strategic Key Performance Indicator Targets (the "Targets"), as well as interim indicator definitions for Key Performance Indicators ("KPI") 5 and 9c, for approval. The Board is also requested to approve the postponement of its review and approval of Targets for KPIs 6a, 6b and 6e until the final Board meeting of 2017. The proposals have been reviewed and recommended by the Audit and Finance Committee (the "AFC") and the Strategy Committee (the "SC"), which have each been allocated responsibility for recommending different Targets, according to their respective committee mandates, as follows:

a. The AFC is responsible for overseeing and recommending Targets for Strategic Key Performance Indicators ("KPI") 7, 10 and 12; and
b. The SC is responsible for overseeing and recommending Targets for KPIs 1, 2, 3, 4, 5, 6, 8, 9, and 11.

3. Board approval of the Targets, and the interim indicator definitions for KPIs 5 and 9c, will allow the Secretariat to proceed with development of data systems and protocols to begin reporting on the 2017-2022 Strategic Key Performance Indicator Framework (the "Framework"). First reporting against this Framework is scheduled for the first Board meeting of 2018.

Part 4 – Discussion

4. The Global Fund's 2017-2022 Strategic Key Performance Indicator Framework was developed directly in line with the Global Fund's 2017-2022 Strategy, *Investing to End Epidemics*, incorporating significant inputs from Board constituencies and technical partners. This Framework was approved by the Board via electronic decision point following the 35th Board Meeting (GF/B35/EDP05).

[5] http://www.theglobalfund.org/Knowledge/Decisions/GF/B32/DP10/
[6] http://www.theglobalfund.org/Knowledge/Decisions/GF/B30/DP07/

5. The Framework consists of twelve Strategic KPIs to measure progress towards the strategy's targets and objectives set out for the next six years. Underpinned by the strategic objectives, the mission-level **impact and service delivery goals** will be tracked as follows.

- KPI 1 specifically tracks progress against an estimated number of lives saved and a reduction in new infections/cases; and

- KPI 2 monitors delivery of the high impact services required to meet impact goals.

6. Measurement of **Strategic Objective 1:** ***Maximize Impact Against HIV, TB and malaria,*** will focus on the extent to which the Global Fund is targeting its investments to optimize impact.

- KPI 3 measures the extent to which Global Fund investments match country "needs" in terms of disease burden and economic capacity;

- KPI 4 complements KPI 3 and monitors whether funding decisions within country disease programs are designed to maximize impact; and

- KPI 5 tracks coverage of services for key populations.

7. **Strategic Objective 2:** ***Build Resilient & Sustainable Systems for Health***, aims to improve the performance of strategically important components of national systems for health.

- KPI 6 is proposed as an aggregate of several implementation indicators measuring progress on strengthening priority areas of national systems for health; and

- KPI 7 tracks the extent to which systems for health are strong enough to effectively use the level of funding required to address their disease burden.

8. **Strategic Objective 3:** ***Promote and Protect Human Rights & Gender Equality*****,** aims to reduce human rights barriers to service access, and to reduce gender and age disparities in health.

- KPI 8 is proposed as an indicator of reduced gender and age disparities in health; and

- KPI 9 measures progress in establishing programs to reduce human rights barriers to access.

9. Achieving **Strategic Objective 4:** ***Mobilize Increased Resources*** will require evidence of increasing and sustainable financial and commodity resources.

- KPI 10 measures progress towards mobilizing increased resources for health from current and new public and private sources;

- KPI 11 advances the current indicator tracking domestic financing to assess the extent to which domestic commitments to invest in health are ultimately fulfilled by governments; and

- KPI 12 assesses both the availability and affordability of health technologies as a result of the Market Shaping efforts being pursued with partners including UNITAID.

10. In consultation with experts and technical partners, full development of KPI methodologies, identification of indicator baselines, and analysis required to set ambitious but achievable performance targets was carried out. After recommendations for approval for these targets from AFC (GF/AFC02/DP05) and SC (GF/SC02/DP05 & GF/SC02/EDP03) the Board, at its 36th Board Meeting (GF/B36/DP09), requested a further opportunity to review the ambition of the performance targets proposed before approval.

11. Board constituencies were requested to submit a final round of feedback to the Secretariat, and the leadership of the AFC and SC were requested to:

a. Determine the performance targets to be addressed by each committee based on their respective mandates; and

b. Establish an Advisory Group to work with the Secretariat to present revised performance targets to the AFC and SC for recommendation to the Board.

12. The Secretariat response to the feedback received was shared with the Board and the Advisory Group established in December 2016[7]. Chaired by the Vice Chairs of the AFC & SC the Advisory Group held a series of discussions over the December 2016 to February 2017 period, and conducted a detailed review of the methodology employed in setting performance targets and the underlying supporting data. A report of the Advisory Group is included as Annex 1 below. Following two preparatory teleconferences and an in-person meeting on January 19-20, additional teleconferences were held on 26 January and 10 February to review specific topics in more detail.

13. Each target for all twelve KPIs was reviewed in depth by the Advisory Group through a dialogue with the modellers and key Secretariat staff responsible for and integral to the development of the targets. Over a series of four teleconferences and one in person meeting (1.5 days in duration), The Advisory Group spent significant time considering the level of ambition of the targets against the feasibility of achieving the targets, and carefully considered the context in which Global Fund supported programs are being implemented, and the assumptions on which the targets were based. The Advisory Group reviewed individual country level projected results derived from modelling and available program data, carefully weighing out the degree of confidence in the individual country level projections against a portfolio level aggregate target.

14. The Advisory Group came to agreement on each target, recommending that 29 of the original targets be retained and five others be adjusted. The revised targets are as follows:

- KPI 2 HIV.vi – % of adults and children with HIV known to be on treatment 12 months after initiation of ART: increase target from 85% to 90% to align methodology with other measures of KPI 2.

- KPI 4 – Investment efficiency: restate target from 80% of countries measured showing a decrease cost per life saved or infection averted, to 90% of countries measured showing a decrease or maintaining existing levels of cost per life saved or infection averted. Those countries eligible for maintaining levels of efficiency would be restricted to those already highly efficient; defined as within two standard deviations of the projected optimal efficiency.

- KPI 7a – Allocation utilization: increase the lower bound of the target range from 90-100% to 91-100% over the 2018-2020 period to align with the current baseline of 91%.

- KPI 8 – Gender & age equality: increase incidence reduction target from 45% to 58%, which represents the lower bound of the projected uncertainty range. The group noted the serious limitations of the current models, which do not account for age or sex differences, and requested that this target be reset once the more advanced models under development, that

[7] Email of 19 December 2016 to Board Members, Alternates and Focal Points.
Subject: *For Board information: Secretariat's response on 2017-2022 Strategic Key Performance Indicator targets*

account for age and sex, have been finalized. It is anticipated that a revised target will be submitted to the Board for approval at its first meeting of 2018.

- KPI 11- Domestic investments: restate target from 77% of total portfolio domestic financing commitments to 100% of policy stipulated requirements. Noting policy requirements form 77% of the total domestic financing commitments made over the 2014-2016 period.

15. The Advisory Group also considered whether service delivery projections designed to estimate global aggregate targets should be disaggregated and used with countries during the access to funding process. The view of the Group was that the country level projections should be shared with country stakeholders. However, the Advisory Group tabled concerns about the utility of the country level projections and appropriate communication of these projections. Specific concerns were:

    - Modelling may be perceived as "Global Fund" owned and not part of a country's own deliberations.

    - Countries may have different inputs or assumptions than were used in the modelling done by the Global Fund.

    - Countries may already have modelled data with results that differ from those of the Global Fund.

    - Interpretation of the modelled targets may be counter-productive and may be prone to being mis-used at country level.

16. The Advisory Group further recommended that the following guidance be used if the recommendation to share country level projections with country stakeholders is accepted.

    - Country level projections developed by academic modellers in collaboration with the Secretariat and technical partners to inform portfolio level target setting for delivery targets (KPI 2) should be provided alongside transparency on modelling assumptions – financial inputs, the cost of interventions, program allocations, and epidemiologic inputs.

    - Countries should be clearly informed that they will not be judged negatively if they do not incorporate the projections into their Global Fund funding submissions, but rather they should view the projections as an input into their deliberations.

    - Countries should be presented with the uncertainty intervals for the projections.

    - Countries should be supported as they review and interpret the projections, and Technical Partners should play a key and supporting role in communicating modelled projections.

17. The Secretariat notes the Advisory Group recommendation and will develop an approach to engage with countries on the service delivery projections that minimizes the important risks highlighted by the group in paragraph 15. The Secretariat also notes that for priority countries Results and Impact Profiles will be reported on an annual basis; these will provide data on service delivery performance, and level and source of funding for key interventions (Global Fund, Domestic and Other external financing). The Strategy Committee has requested discussion of these points at its 3rd meeting in March 2017.

18. As directed by the Board, the Technical Review Panel and the Technical Evaluation Reference Group were consulted as part of the review process. Feedback from this consultation raised concerns

that the KPI 2 non-modelled service delivery targets[8] were highly ambitious, expressed doubts on the usefulness of KPI 6f Alignments with National Strategic Plans, and identified data availability risks on KPI 9c Key Populations and Human Rights in transition Countries.

19. For some measures under KPI-2 it is not possible to accurately model future performance based on a set of programmatic or financial inputs. For these measures a benchmark methodology, with acknowledged limitations, was used to set targets. The TRP and TERG review of current performance data and the lack of data for some target countries led them to conclude that there is a significant risk that the aggressive targets will not be met for all countries, and proposed they be labelled as 'aspirational' or be reduced. Based on the TRP and TERG recommendation the targets for the non-modelled service delivery targets under KPI 2 have been marked as 'aspirational'.

20. Proposed performance targets for the Framework are outlined below for Board approval. Further detail regarding methodology and assumptions, including cohort, target time period, indicator calculation methodology, and frequency of reporting are included in the accompanying PowerPoint presentation (GF/B36/ER08B).

[8] KPI 2 - HIV v, vi, vii; TB v, vi; Malaria iii, iv.

Key Performance Indicator		Measure	Target[9]
Strategic Targets			
1	Performance against impact targets	i. Estimated number of lives saved	29 million (28-30) over the 2017-2022 period
		ii. Percentage reduction in new infections/cases (average rates across the three diseases)	38% (28-47%) over the 2015-2022 period
2	Performance against service delivery targets	<u>HIV</u>	
		i. # of adults and children currently receiving ART	23 (22-25) million by 2022
		ii. # males circumcised	22 (19-26) million over the 2017-2022 period
		iii. % HIV+ pregnant women receiving ART for PMTCT	96% (90-100%) by 2022
		iv. % of adults and children currently receiving ART among all adults and children living with HIV	78% (73-83%) by 2022
		v. % of people living with HIV who know their status	80% (70-90%) by 2022*
		vi. % of adults and children with HIV known to be on treatment 12 months after initiation of ART	90% (83-90%) by 2022*
		vii. % of PLHIV newly enrolled in care that started preventative therapy for TB, after excluding active TB	80% (70-90%) by 2022*
		<u>TB</u> i. # of notified cases of all forms of TB - bacteriologically confirmed plus clinically diagnosed, new and relapses	33 (28-39) million over the 2017-2022 period
		ii. % of notified cases of all forms of TB - bacteriologically confirmed plus clinically diagnosed, new and relapses among all estimated cases (all forms)	73% (62-85%) by 2022
		iii. # of cases with drug-resistant TB (RR-TB and/or MDR-TB) that began second-line treatment	920 (800-1,000) thousand over the 2017-2022 period
		iv. # of HIV-positive registered TB patients (new and relapse) given anti-retroviral therapy during TB treatment	2.7 (2.4-3.0) million over the 2017-2022 period
		v. % of TB cases, all forms, bacteriologically confirmed plus clinically diagnosed, successfully treated	90% (88-90%) by 2022*

[9] Targets for KPIs 1, 2 and 8 represent a point estimate within the corresponding range due to uncertainty.

* Aspirational target

		vi. % of bacteriologically-confirmed RR and/or MDR-TB cases successfully treated	85% (75-90%) by 2022*
		Malaria	
		i. # of LLINs distributed to at-risk-populations	1,350 (1,050-1,750) million over the 2017-2022 period
		ii. # of households in targeted areas that received IRS	250 (210-310) million over the 2017-2022 period
		iii. % of suspected malaria cases that receive a parasitological test [public sector]	90% (85-100%) by 2022*
		iv. % of women who received at least 3 doses of IPTp for malaria during ANC visits during their last pregnancy	70% (60-80%) by 2022*
Strategic Objective 1: Maximize Impact Against HIV, TB and malaria			
3	Alignment of investment with need	Alignment between investment decisions and country "need"; with need defined in terms of disease burden and country economic capacity	0.45 for 2017
4	Investment efficiency	Change in cost per life saved or infection averted from supported programs	90% of countries measured show a decrease or maintain existing levels of cost per life saved or infection averted over the 2017-2019 period[10]
5	Service coverage for key populations	Interim indicator: Percentage of target countries with data collection mechanisms in place to report on coverage of an evidence-informed package of services	75% of selected countries by 2019
Strategic Objective 2: Build resilient & sustainable systems for health			
6	Strengthen systems for health		
	a) Procurement	Improved outcomes for procurements conducted through countries' national systems	To be set in 2017
	b) Supply chains	i. Percentage of health facilities with tracer medicines available on the day of the visit	To be set in 2017
		ii. Percentage of health facilities providing diagnostic services with tracer items on the day of the visit	
	c) Financial Management	i. Number of high priority countries completing Public Financial Management transition efforts towards use of country PFM system	8 countries by 2020
		ii. Number of countries with financial management systems meeting	46 countries by 2022

[10] Those countries eligible for maintaining levels of efficiency would be restricted to those already highly efficient; defined as within two standard deviations of the projected optimal efficiency.

		defined standards for optimal absorption & portfolio management	
	d) HMIS coverage	Percent of high impact countries with fully deployed (80% of facilities reporting for combined set of indicators), functional (good data quality per last assessment) HMIS	70% by 2022
	e) Results disaggregation	Number and percentage of countries reporting on disaggregated results	To be set in 2017
	f) NSP alignment	Percentage of funding requests rated by the TRP to be aligned with National Strategic Plans	90% over the 2017-2019 period
7	Fund utilization	a) Allocation utilization: Portion of allocation that has been committed or is forecast to be committed as a grant expense	91-100% over the 2018-2020 period
		b) Absorptive capacity: Portion of grant budgets that have been reported by country program as spent on services delivered	75% by 2022
Strategic Objective 3: Promote and protect human rights & gender equality			
8	Gender & age equality	Percentage reduction in HIV incidence in women aged 15-24	58% (47-64%) over the 2015-2022 period
9	Human rights		
	a) Reduce human rights barriers to services	Number of priority countries with comprehensive programs aimed at reducing human rights barriers to services in operation	4 for HIV & 4 for TB by 2022
	b) Key populations and human rights in middle income countries	i. Percentage of investment in signed HIV and HIV/TB grants dedicated to programs to reduce human rights barriers to access	2.85% over the 2017-2019 period
		ii. Percentage of investment in signed TB grants dedicated to programs to reduce human rights barriers to access	2% over the 2017-2019 period
		iii. Percentage of investment in signed HIV and HIV/TB grants dedicated to programs targeting key populations	39% over the 2017-2019 period
	c) Key populations and human rights in transition countries	Interim indicator: Percentage of UMICs that report on domestic investments in KP and human rights programs	100% over the 2017-2019 period
Strategic Objective 4: Mobilize increased resources			
10	Resource mobilization	a) Actual pledges as a percentage of the replenishment target	100% over the 2017-2019 period
		b) Pledge conversion rate. Actual 5th replenishment contributions as a percentage of forecast contributions	100% over the 2017-2019 period
11	Domestic investments	Percentage of domestic co-financing commitments to programs supported by the Global Fund realized as government expenditures	100% of 2014-2016 policy stipulated requirements realized. Measurd over the 2017-2019 period.

12	Availability of affordable health technologies		
	a) Availability	Percentage of a defined set of products with more than three suppliers that meet Quality Assurance requirements	100% by 2019
	b) Affordability	Annual savings achieved through PPM on a defined set of key products (mature and new)	USD 135m in 2017[11]

21. The Chairs and Vice-Chairs of the AFC and SC agreed the following split of responsibilities for the twelve KPIs as follows. SC will take responsibility for the following KPIs:

- KPI 1 Performance against impact targets
- KPI 2 Performance against service delivery targets
- KPI 3 Alignment of investment with need
- KPI 4 Investment efficiency
- KPI 5 Service coverage for key populations
- KPI 6 Strengthen systems for health
- KPI 8 Gender & age equality
- KPI 9 Human rights
- KPI 11 Domestic investments

22. AFC will take responsibility for the following KPIs:

- KPI 7 Fund utilization
- KPI 10 Resource mobilization
- KPI 12 Availability of affordable health technologies

Part 5 – Recommendation

23. The Board is requested to approve the revised performance targets for the 2017 – 2022 Strategic Key Performance Indicator Framework, including the interim indicator definitions proposed for KPIs 5 and 9c, as presented in this electronic report.

[11] Target set annually based on demand and price projections

Annex 1

Strategic KPI Target Setting Advisory Group

Section A: Background

1. At the 36th Global Fund Board Meeting the Key Performance Indicator (KPI) targets for the period of 2017-2022 were submitted to the Board for approval. Under the oversight of the Secretariat, these targets were derived from lengthy consultation and engagement of academic modelers, public health program and finance experts, epidemiologists and the technical partners leading on the global plans for malaria, TB and HIV/AIDS. The Strategy and Audit and Finance Committees reviewed and critiqued the targets prior to the 36th Board meeting and approved a decision point to recommend that the Board approve the KPI targets. However, at the 36th Board Meeting, the Board articulated a series of questions and concerns regarding the targets including the level of ambition of the targets, assumptions made in calculating the targets, and the lack of visibility of the country level projections that were used to reach an aggregate or disease portfolio level target.

2. At the 36th Board Meeting, the Board requested (GF/B36/DP09) all Board constituencies to submit a final round of feedback to the Secretariat on the proposed targets. The Secretariat received feedback from constituencies and provided written responses to the feedback received by mid-December 2016. Additionally, the Board directed the leadership of the Audit and Finance Committee (AFC) and Strategy Committee (SC) to establish a time-limited expert Advisory Group to provide a peer review of the targets, considering carefully the Board constituency feedback and concerns about the level of ambition of the proposed performance targets. The output requested of the Advisory Group was to advise the Secretariat on presenting revised performance targets to the AFC and SC for recommendation to the Board by the first week of March 2017.

3. The Terms of Reference for the Advisory Group were defined by the Board as follows:

The Advisory Group will:

a. Be comprised of four individuals selected from implementer constituencies and four individuals selected from donor constituencies and two representatives of the Technical Partners, in consultation with the Chairs and Vice-Chairs of the AFC and SC, to work with the Secretariat to present revised performance targets for the Strategic KPI Framework;

b. Consult with the Technical Review Panel and Technical Evaluation Reference Group;

c. Consider statements, questions, concerns or suggested revisions by Board constituencies, as well as responses provided by the Secretariat, to advise the Secretariat on presenting the AFC and SC with revised performance targets for the Strategic KPI Framework; and

d. Be dissolved upon the Board's approval of performance targets for the Strategic KPI Framework.

4. Based on nominees from the Board Constituencies, Committee Leadership selected the following membership for the Advisory Group.

Implementers:

- Developing Country NGOs: Dr. Sharlene Jarrett
- Developing Country NGOs: Dr Yeşim Tozan
- EMRO: Dr Babak Eshrati
- ESA: Dr. Muwanga Fred Tusuubira

Donor Constituencies:

- France/Germany: Mr. Binod Mahanty
- Private Foundations: Ms. Elizabeth Ivanovich
- UK: Mr. Phil Mark Johnston
- US: Ms. Irum Fatima Zaidi

Partners:

- UNAIDS: Dr. Peter Ghys
- Partners: Dr. Sahu Suvanand

5. Dr. Ties Boerma of WHO was selected as a resource person to advise on questions related to the technical details of the disease impact models.

6. Chaired by the Vice Chairs of the AFC & SC the Advisory Group held a series of discussions over the December 2016 to February 2017 period, and conducted a detailed review of the methodology employed in setting performance targets and the underlying supporting data. Following two preparatory teleconferences and an in-person meeting on January 19-20, additional teleconferences were held on 26 January and 10 February to review specific topics in more detail.

7. The aim was to conduct a peer review of the target proposals for each KPI assessing whether the proposed targets were ambitious yet realistic, based on: levels of available funding (where applicable) plausibility of the modelling methodology or the effectiveness of the intervention approach, given the evidence available; and taking into account implementation feasibility and efficiency.

8. Advisory Group members were asked to indicate for each KPI: satisfaction that the KPI target was set at the appropriate level; dissatisfaction – the target was over/under ambitious; or further information was needed to make a decision.

9. Each target for all twelve KPIs was reviewed in depth by the Advisory Group through a dialogue with the modellers and key Secretariat staff responsible for and integral to the development of the targets. For some KPIs, no additional information was requested by the Advisory Group. Where additional information was requested, the Secretariat provided responses within an agreed upon period of time, and follow-up teleconferences were held to discuss the new information. Over a series of four teleconferences and one in person meeting (1.5 days in duration), the Advisory Group came to

agreement on each target, recommending that most of the original targets be retained while others should be adjusted. Occasionally wording was revisited for clarification, staying within the KPI definition as approved by the Board. Section B reflects the changes to the targets recommended by the Advisory Group.

10. The Advisory Group spent significant time considering the level of ambition of the targets against the feasibility of achieving the targets, and carefully considered the context in which Global Fund supported programs are being implemented, and the assumptions on which the targets were based. The Advisory Group reviewed individual country level projected results derived from modelling and available program data, carefully weighing out the degree of confidence in the individual country level projections against a portfolio level aggregate target. The rationale for delaying submission of three performance targets under KPI 6 to allow for piloting and data collection was noted to the Group. Key discussion points are found in Section C.

TRP and TERG Consultation

11. The Technical Review Panel (TRP) and Technical Evaluation Reference Group (TERG) leadership were provided with the summary of recommendations made by the Advisory Group in early February 2017. The co-chairs of the AFC and SC held a teleconference with the TERG and TRP leadership, seeking their input. The following are key observations made by the TRP and TERG leadership:

- KPI 2 Non-modelled Service Delivery Targets: Noted that the formulation of the targets is not easily explained; the targets are derived from current performance levels in a small set of countries (selected based on availability of data) then applied to all countries irrespective of current coverage levels or burden of disease with the expectation that all of them will be able to improve to the level represented by the current 75th percentile by 2022; and are highly ambitious. TRP and TERG recommend targets be marked as 'aspirational' or adapted to more realistic levels.

- KPI 6f Alignment with National Strategic Plans (NSPs): Noted that the formulation of this KPI remains weak and thus, also the target. Further, reaching the target is anticipated as having relatively little meaning. The TRP leadership and members have noted that NSPs are often high level, non-prioritized plans that do not consistently attend to quality or attainable results. Alignment of grants with NSPs that do not address the needs of key populations and priority health issues would not be considered positive, and thus, concern that an alignment target may be counter-productive in the pursuit of targeted and prioritized interventions. TRP and TERG recommend that the KPI be removed or reformulated along with the proposed target.

- KPI 9c Key Populations and Human Rights in Transition Countries: Noted that the limited data availability on domestic financing for programs targeting key populations and removing legal barriers may prove this KPI to be impossible to measure. In addition, baseline data is not available which will make monitoring progress challenging.

Use of Country Level Projections

12. After finalizing recommendations on KPI performance targets -, the Advisory Group considered the issue of the optimal use or non-use of country level projects used in building the aggregate or portfolio level targets. The final recommendation of the Group is that for all KPIs where country level projections were modelled as part of the process of calculating portfolio level targets, the country level projections should be shared with country stakeholders. However, the Advisory Group tabled concerns about the utility of the country level projections and appropriate communication of these projections. Specific concerns were:

- Modelling may be perceived as "Global Fund" owned and not part of a country's own deliberations.

- Countries may have different inputs or assumptions than were used in the modelling done by the Global Fund.

- Countries may already have modelled data with results that differ from those of the Global Fund.

- Interpretation of the modelled targets may be counter-productive and may be prone to being mis-used at country level.

13. The Advisory Group further recommended that the following guidance be used if the recommendation to share country level projections with country stakeholders is accepted.

- Country level projections should be provided alongside transparency on modelling assumptions – financial inputs, the cost of interventions, program allocations, and epidemiologic inputs.

- Countries should be clearly informed that they will not be judged negatively if they do not incorporate the projections into their Global Fund funding submissions, but rather they should view the projections as an input into their deliberations.

- Countries should be presented with the uncertainty intervals for the projections.

- Countries should be supported as they review and interpret the projections, and Technical Partners should play a key and supporting role in communicating modelled projections.

Global Fund Results Reporting and Thematic Reporting

14. The Advisory Group was presented with the Global Fund's approach to results reporting for the 2017-2022 reporting period. The approach is based on reporting national results, and making transparent the weighting of Global Fund support for specific and delineated categories of program support. This approach to results reporting will retain the focus on national numbers and the importance of (evolving and strengthening) reporting capacity while making clear where the Global Fund investments are being made in a given country. Twenty-two countries representing 85% of the disease burden (3 diseases) will be the focus of in-depth results reporting. Results reporting was not formally part of the mandate of the Advisory Group review, but in discussing, the Group gave full support for the Global Fund approach noting the importance of being able to draw linkages between national results and grant investment and results.

15. The Advisory Group was briefed on the role of Thematic Reporting as part of the overall Global Fund evaluation and accountability framework. Thematic Reporting will round-out, enhance and be complementary to the KPIs, providing additional information and evaluative data on key thematic areas across the three diseases. No formal recommendations were made concerning Thematic Reporting except to note the importance of appraising the Board regularly on the selected topics for Thematic Reporting and time-lines for completion.

Section B: Strategic KPI Target Setting Advisory Group

High level summary of decisions and issues raised at the Group's meetings on 19-20 and 26 January, and 6 February 2017.

Key Performance Indicator		Measure	Decision / Key issues
Strategic Targets			
1	Performance against impact targets	i. Estimated number of lives saved ii. Percentage reduction in new infections/cases (average rates across the three diseases)	▪ No proposed revisions to the targets. ▪ Concern regarding the level of ambition in the malaria contribution to the target. Note that progress made in reduction in new cases between 2013-15 was higher than anticipated and thus the modeled change from 2017-22 is not as significant. ▪ Complementary data on actual numbers of infections/cases averted by disease be included in reporting. Request that the Board see reporting by region and country to understand where results are on track and where lagging.
2	Performance against service delivery targets - **modeled**	<u>HIV</u> i. # of adults and children currently receiving ART ii. # males circumcised iii. % HIV+ pregnant women receiving ART for PMTCT iv. % of adults and children currently receiving ART among all adults and children living with HIV <u>TB</u> i. # of notified cases of all forms of TB - bacteriologically confirmed plus clinically diagnosed, new and relapses ii. % of notified cases of all forms of TB - bacteriologically confirmed plus clinically diagnosed, new and relapses among all estimated cases (all forms) iii. # of cases with drug-resistant TB (RR-TB and/or MDR-TB) that began second-line treatment iv. # of HIV-positive registered TB patients (new and relapse) given anti-retroviral therapy during TB treatment	▪ No proposed revisions to the targets. ▪ Discussion focused on the level of uncertainty at country-level (disaggregated targets) which is affected by uncertainty of cost of interventions and epi factors; financial uncertainties of total funds available less of a factor. ▪ Annual reporting to the Board to include results trends in the aggregate and disaggregated by county. ▪ Routine thematic reporting should include the distribution of grant level performance across countries ▪ Thematic reporting will be complemented by country profiles giving a summary of service delivery results and investments for each high impact country ▪ At the end of 2017, a review will be undertaken comparing modelled target projections with the targets signed into grant agreements, including an analysis of the drivers of any observed deviations. ▪ At midpoint of the 2017-22 Strategy, targets reconsidered based on finances secured for the 6th replenishment, new data and performance.

		Malaria i. # of LLINs distributed to at-risk-populations ii. # of households in targeted areas that received IRS	
2	Performance against service delivery targets – **non-modeled**	HIV v. % of people living with HIV who know their status vi. % of adults and children with HIV known to be on treatment 12 months after initiation of ART vii. % of PLHIV newly enrolled in care that started preventative therapy for TB, after excluding active TB TB v. % of TB cases, all forms, bacteriologically confirmed plus clinically diagnosed, successfully treated vi. % of bacteriologically-confirmed RR and/or MDR-TB cases successfully treated Malaria iii. % of suspected malaria cases that receive a parasitological test [public sector] iv. % of women who received at least 3 doses of IPTp for malaria during ANC visits during their last pregnancy	HIV v. No proposed revision but noted as ambitious. vi. Proposal to increase target from 85 to 90%, to align methodology with the other non-modelled indicators [majority decision]. Uncertainty (+-10%) in retention rate estimates noted vii. No proposed revisions TB v. No proposed revision vi. No proposed revision Malaria iii. No proposed revision iv. No proposed revision but noted as highly ambitious given the recorded drop off after dose #2 and the limited data availability on 3-dose completion.
Strategic Objective 1: Maximize Impact Against HIV, TB and malaria			
3	Alignment of investment & need	Alignment between investment decisions and country "need"; with need defined in terms of disease burden and country economic capacity	▪ No proposed revision ▪ It was noted that the score ranges from 0 (perfect alignment) to 2 (all funds allocated to the country with the smallest disease burden), but that it is the trend rather than the actual number that is most important. ▪ A target for 2018-2020, based on the mid-term plan 3 year financial forecast, will be presented to the autumn 2017 Board for approval
4	Investment efficiency	Change in cost per life saved or infection averted from supported programs	▪ Consensus not reached on retaining or proposed revision. ▪ Two working group members proposed increasing the target from 80% to 90% to align with the baseline

			▪ One working group member proposed retaining the original 80% proposal ▪ The target level decision hinges on the share of the cohort made up of Asian countries which are already close to optimal levels of investment efficiency, and the inability of the models to detect the small improvements possible in these countries ▪ It was suggested that a differentiated target be proposed for Asian countries.
5	Service coverage for key populations	Interim indicator: Countries currently reporting on comprehensive package of services for at least two key populations Language revised as follows: Percentage of target countries with data collection mechanisms in place to report on coverage of an evidence-informed package of services	▪ No proposed revision ▪ The challenges of maintaining the denominator – the number of countries with validated population size estimates (required to be re-estimated every 5 years); and the numerator – the number of countries able to track service coverage for key populations, provide services for a minimum of 2 key populations, provide a minimum of 3 services (commodities, referral and behavioral), and budget - were discussed at length by the group. ▪ Inclusion of TB Key Population related targets for service coverage could be considered at mid-term in 2019. ▪ Note that the first 3 years of the strategy are about reporting capacity but post-midpoint, the focus will move to service delivery coverage. ▪ Revisions to the wording of the indicator were requested to make it clearer what was to be measured during the first three years.
Strategic Objective 2: Build resilient & sustainable systems for health			
6	Strengthen systems for health		
	c) Financial Management	iii. Number of high priority countries completing Public Financial Management transition efforts towards use of country PFM system	▪ No proposed revision
		iv. Number of countries with financial management systems meeting defined standards for optimal absorption & portfolio management	▪ No proposed revision
	d) HMIS coverage	Percent of high impact countries with fully deployed (80% of facilities reporting for combined set of indicators), functional (good data quality per last assessment) HMIS	▪ No proposed revision

	f) NSP alignment	Percentage of funding requests rated by the TRP to be aligned with National Strategic Plans	▪ No proposed revision ▪ Feedback from the TRP chair indicated that it was important to retain the flexibility provided by the 90% target to enable the TRP to recommend that countries increase focus on issues of Gender, Key populations or Human Rights that can be underrepresented in NSPs ▪ It was also noted that the indicator be complemented by a wider set of management information as part of thematic reporting to draw out key issues observed from TRP review of funding requests
7	Fund utilization	a) Allocation utilization: Portion of allocation that has been committed or is forecast to be committed as a grant expense	▪ Proposal to increase lower bound of the proposed 90-100% target range to the current baseline (91%) ▪ Concerns were raised that setting the target range with a lower bound of 90% or 91% would limit efforts to spend the full allocation during the period ▪ It was noted that the range provided flexibility to ensure that funds that would not be utilized (tracked through KPI-7b) could be re-invested into portfolios with the highest burden and lowest ability to pay. ▪ Reducing this range would risk the negative incentive of re-investments focusing on countries that may not have the greatest need but that can absorb the funds – undermining performance on KPI-3. ▪ These issues will be addressed in the policy on portfolio optimization being drafted and to be reviewed by both AFC and SC.
		b) Absorptive capacity: Portion of grant budgets that have been reported by country program as spent on services delivered	▪ No proposed revision ▪ It was noted that the ITP project focused on absorption has been completed, and that future technical assistance efforts will focus on a broader mandate of impact. ▪ It was also noted that the modelling work for setting targets, especially on KPI 2, has assumed full absorption of allocated funds.
Strategic Objective 3: Promote and protect human rights & gender equality			
8	Gender & age equality	Percentage reduction in HIV incidence in women aged 15-24	▪ Proposal to increase target from 45% to 58%, the lower bound of the model projected range. ▪ Note strong input from some members and modeling team that the level of ambition at 45% is high.

			▪ The serious limitations of the current models, which do not account for age or sex differences, were noted. ▪ It was requested that this target should be reset once more advanced models taking better account of age and sex structure are available.
9	Human rights		
	d) Reduce human rights barriers to services	Number of priority countries with comprehensive programs aimed at reducing human rights barriers to services in operation	▪ Proposal to retain target, but revisit once the results of the baseline assessments of the 20 countries are available; seek recommendations from academics involved in assessments on defining 'comprehensive' and potential for the target to increase based on a refined definition. ▪ Note that while 8 countries are the target for comprehensive programs, all 20 countries will have active work.
	e) Key populations and human rights in middle income countries	iv. Percentage of investment in signed HIV and HIV/TB grants dedicated to programs to reduce human rights barriers to access v. Percentage of investment in signed TB grants dedicated to programs to reduce human rights barriers to access vi. Percentage of investment in signed HIV and HIV/TB grants dedicated to programs targeting key populations	▪ No proposed revision ▪ It was requested that reporting disaggregate the result by lower and upper middle income
	f) Key populations and human rights in transition countries	Interim indicator: Percentage of UMICs that report on domestic investments in KP and human rights programs	▪ No proposed revision
Strategic Objective 4: Mobilize increased resources			
10	Resource mobilization	a) Actual pledges as a percentage of the replenishment target	▪ No proposed revision
		b) Pledge conversion rate. Actual 5th replenishment contributions as a percentage of forecast contributions	▪ No proposed revision
11	Domestic investments	Percentage of domestic co-financing commitments to programs supported by GF realized as government expenditures	▪ No proposed revision, but recommendation made to rephrase that target as 100% of policy-prescribed levels of domestic financing
12	Availability of affordable health technologies		
	c) Availability	Percentage of a defined set of products with more than three suppliers that meet Quality Assurance requirements	▪ No proposed revision
	d) Affordability	Annual savings achieved through PPM on a defined set of key products (mature and new)	▪ No proposed revision

Section C

Over-arching Discussion Points:

1. Advisory Group agreement on the use of setting targets for the KPIs that balances "ambition" with "realism". Agreement with the general approach that "ambition" is equated with aligned with Global Plans (Technical Partners) for each of the three diseases, and "realism" considers budget constraints, range of technical/intervention efficacy and program coverage assumptions. And, that the Group erred on the side of ambitious targets to continue to catalyze ambitious programming and strong results, advising that results and performance be monitored against the targets at the mid-point in the Global Fund 2017-2022 Strategy to establish how ambitious or realistic the targets were in practice. A first measurement point will be established end of 2017 when the majority of the 2017-2019 allocations are expected to have been programmed and grant performance targets have agreed.

2. Advisory Group acceptance that there are uncertainties associated with the assumptions used in developing the KPI targets resulting in setting ranges for specific targets.

Discussion Points on Modelled KPIs

3. The Advisory Group acknowledged and agreed that for certain KPIs, modelling is an appropriate approach to set performance targets, and that modelling will necessarily involve steps in modelling finance projections, allocation decisions and epidemiological impact. All assumptions behind the modeling were informed by data (coming from best available sources) and in consultation with stakeholders and noting that the models being used for this purpose here have been used by the Technical Partners.

4. The Advisory Group understood and accepted that it is necessary to create projections for the financial resources that will be available over the strategy period, and to reflect uncertainty in the possible levels of financing.

5. The Advisory Group understood and accepted that assumptions need to be made about how resources for a disease in a country will be allocated by that country across possible program elements. The working assumption used is that optimal allocation decisions be made.

6. The Advisory Group understood and agreed that it is reasonable to assume that a process of determining how resources for a disease could be allocated could be approximated by computing what an "optimal allocation" would be, where optimality is defined broadly as achieving, as far as possible, the impact articulated in the global plans.

7. The Advisory Group acknowledged that due to this computing process not being privileged with local knowledge and existing and future country disease operational plans that the output of the modelling process may not reflect decisions ultimately made by country leadership.

8. The Advisory Group discussed and acknowledged that where there are necessary simplifications in the representation of costs of scale-up in the modelling that simplifications would not be expected to materially affect the overall results, and therefore do not affect the overall usefulness of the resulting targets for relevant KPIs.

9. The Advisory Group discussed that transmission models need to convert "coverage levels" of program interventions to project "epidemic impact" in the short-term.

10. The Advisory Group was informed that for the "modelled KPIs" for some countries, projected results arise from extrapolation rather than a fully-calibrated model (due to the need to focus time/resources on the most high burden country models). However, it was clarified that countries with

projected results based on extrapolation (versus direct modelling) represent a small proportion of the overall burden of disease in all three diseases.

11. In complement to the modelling, the Advisory Group highlighted the importance of a having consultative process at the country level to inform country level target setting.

Discussion Points on Non-Modeled Indicators

12. The Advisory Group discussed the approach to setting targets for indicators where the modeling is not possible and the approach adopted to set a target range. The aim is for all countries to achieve results within that range. The Group agreed that the upper bound of a range for a target should be aligned with the Global Plans, and that the lower bound can be benchmarked against current performance.

13. The Advisory Group agreed that in setting targets, there should be a similar level of ambition (versus realism) across all indicators, and that the approach must be straight forward and transparent.